



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** David Sykes  
Hans F. Larsen

**SUBJECT:** SEE BELOW

**DATE:** September 9, 2013

Approved

Date

9/16/13

**SUBJECT: REPORT ON BIDS AND AWARD FOR THE 5591 - TRANSPORTATION INCIDENT MANAGEMENT CENTER (TiMC) FACILITY IMPROVEMENTS (REBID) PROJECT**

## RECOMMENDATION

Report on bids and award of contract for the 5591 - TiMC Facility Improvements (REBID) Project to the low bidder, Lyncon Construction, Inc. in the amount of \$2,460,000, and approve a contingency in the amount of \$369,000.

## OUTCOME

Approval of this construction contract will allow the 5591 - TiMC Facility Improvements (REBID) Project to proceed. Approval of the standard 15 percent contingency as provided by Council policy will provide funding for the work necessary for the proper completion of construction of the project.

## BACKGROUND

The new TiMC will be located on the Fifth Street side of the ground floor of the Civic Center employee parking garage. The Department of Transportation (DOT) traffic signal operations staff will relocate from their City Hall offices into the newly constructed facility upon the completion of the facility improvements. The team will have improved traffic monitoring and management capabilities to support day-to-day traffic management operations, as well as to support event parking and traffic operations. TiMC software system enhancements are planned for completion in mid 2015 to augment staff's ability to assess and address traffic congestion associated with the daily commute and unpredictable incident traffic, to provide real time travel condition data to the public to support travel choice decisions, and to collect transportation system performance data to better plan staff resources. To develop and implement the TiMC, DOT secured \$5,400,000 in Federal Earmark High Priority Program grant funds.

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On June 18, 2013, the City Council rejected the sole bidder, Rodan Builders, Inc., and authorized the Director of Public Works to re-bid the TiMC project. The project was re-bid with the following considerations:

1. The advanced audio-visual and network communication component experience requirements for the general contractor were eliminated, while the experience requirements for the subcontractor that will actually perform this work were maintained.
2. Staff made significant effort to outreach to the construction community and generated increased interest and encouraged contractors to bid.
3. Add-alternate bid items to reduce costs through scope reductions without affecting the functionality of the facility were evaluated; however it was determined that they were either not practical nor would result in any significant cost savings to the project.

### **ANALYSIS**

Bids were opened on August 22, 2013, with the following results.

<u>Contractor</u> <b>Engineer's Estimate</b>	<u>Base Bid</u> <b>\$2,394,000</b>	<u>Variance</u> <u>Amount</u> -	<u>Over/(Under)</u> <u>Percent</u> -
Lyncon Construction, Inc. (San José, CA)	\$2,460,000	\$66,000	2.8%
Calstate Construction, Inc (Fremont, CA)	\$2,795,000	\$401,000	16.7%
Gonsalves & Stronck Construction Company, Inc. (San Carlos, CA)	\$2,800,000	\$406,000	17.0%
Rodan Builders, Inc. (Burlingame, CA)	\$2,995,000	\$601,000	25.1%
Strawn Construction, Inc (San José, CA)	\$3,048,000	\$654,000	27.3%
Bobo Construction, Inc. (Elk Grove, CA)	\$3,048,000	\$654,000	27.3%

The low bid submitted by Lyncon Construction, Inc. is 2.8 percent over the Engineer's Estimate. Staff considers this reasonable for the work involved.

Council Policy provides for a standard contingency of 15 percent on public works projects involving the renovation and remodel construction. Staff considers a 15 percent contingency appropriate for this project since this project involves construction within an existing facility.

In accordance with Federal Regulations, 49 CFR Part 26, a DBE goal of 4% was established for this project. Lyncon Construction Inc. met the DBE goal and attained 5.4% DBE participation.

The Project Delivery costs are projected to be higher than normal. These higher costs are due to an extended design phase, which was the result of the complex highly technical nature of the project; revised federal aid requirements, and unique federal security criteria. Furthermore, the rebid process entailed design revisions that incorporated all addenda from the initial bid, revised contractor qualification requirements, and an extensive outreach effort by staff. The rebid resulted in a bid that is \$815,000 lower than the initial bid received on May 9, 2013.

The baseline schedule is being changed to reflect the extended design and bid/award phases. The baseline budget is being reset to reflect scope changes made since project inception, and the additional delivery costs previously described.

If this recommendation to award is approved, construction is scheduled to begin in November 2013, with completion in May 2014.

### **EVALUATION AND FOLLOW-UP**

With the requested baseline resets, this project is currently within budget and on schedule. No additional follow up action with Council is expected at this time.

### **PUBLIC OUTREACH/INTEREST**

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: Email and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: Email, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1,000,000 or greater. To solicit contractors, this project was listed on Bidsync and advertised in

the *San José Post Record* and the *San Jose Mercury News*. This award memo will be posted on the City's website for the October 1, 2013 Council Agenda.

### **COORDINATION**

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Finance, the Bureau of Fire Prevention, the City Attorney's Office and the City Manager's Budget Office.

### **FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council approved Budget Strategy to continue with capital investments that spur construction spending in our local economy, and with the Transportation and Aviation Service Area policy outcomes to ensure public safety, provide viable choices, and enhance community livability.

### **COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$1,205,000
Consultant	517,000
City Staff	640,000
Construction	2,460,000
Contingency	369,000
<b>TOTAL PROJECT COSTS</b>	<b>\$3,986,000</b>
Prior Year Expenditures	(905,000)*
<b>REMAINING PROJECT COSTS</b>	<b><u>\$3,081,000</u></b>

\*A total of \$905,238 has been expended or encumbered through 2012-2013 for Project Delivery costs.

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Lump Sum furnish and install all labor and materials	<u>\$2,460,000</u>
<b>TOTAL CONSTRUCTION CONTRACT</b>	<b>\$2,460,000</b>

3. SOURCE OF FUNDING: 429 – Building and Structure Construction Tax Fund.

4. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and will have no significant adverse impact on the General Fund operating budget.

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**BUDGET REFERENCE\***

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Contract and Contingency	2013-2014 Proposed Budget* Page	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>			<b>\$3,128,762</b>			
429	4407	ITS: Transportation Incident Management Center	\$5,099,000	\$2,829,000	V-729	06/18/2013 Ord. No. 29271
<b>Total Funding Available</b>			<b>\$5,099,000</b>	<b>\$2,829,000</b>		

\* The 2013-2014 Budget was adopted on June 18, 2013.

**CEQA:**

Negative Declaration, Exempt, File No. PP09-108.

/s/  
DAVID SYKES  
Director of Public Works

/s/  
HANS F. LARSEN  
Director of Transportation

For questions please contact Barry Ng, Deputy Director, Public Works Department, at 408-535-8300.

Attachment

# ATTACHMENT A

## LOCATION MAP

SHOWING THE BUILDING WHERE THE TENANT  
IMPROVEMENT PROJECT WILL BE LOCATED



AREA OF EMPLOYEE PARKING  
GARAGE BUILDING

